DOCUMENT RESUME

ED 292 595 RC 016 547

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TITLE The Nonmetro Working Poor--A Profile of Family Heads.
PUB DATE Aug 87
NOTE 23p.; Paper presented at the Annual Meeting of the Rural Sociological Society (Madison, WI, August 12, 1987).
PUB TYPE Reports - Research/Technical (143) -- Speeches/Conference Papers (150)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Census Figures; Comparative Analysis; Educational Attainment; *Employment Patterns; Employment Potential; *Family Characteristics; *Heads of Households; *Income; Individual Characteristics; Low Income Groups; Policy Formation; *Poverty; Regional Characteristics; *Rural Population
IDENTIFIERS Current Population Survey; *United States (South)

ABSTRACT

Data from the 1986 Current Population Survey (March Supplement) indentified characteristics of working heads of poor families that might assist policymakers involved in alleviating nonmetro poverty (in 1985, 18.3% of persons living in nonmetro areas were poor compared to 12.7% of persons living in metro areas). Comparing the South (a 17-state region) and Nonsouth (all others), working heads of poor families were older in the South than Nonsouth. Educational attainment was low, especially in the South. In 1985, while 7% of the nonmetro work force was black, 15.7% of poor working heads were black. Family type differed little by region, but there were marked differences in family composition. Overall, 27.9% of poor families were headed by females. Only 32.4% worked less than 27 weeks. The levels and sources of family income (including public assistance) varied by region, family size, and occupation. For many of the rural working poor, full-time living wage jobs were not available. Ameliorating policy might develop programs that integrate job development, human capital developing, and equal opportunity. Income support--along with increased availability of affordable child care--may be necessary for poor single family heads whose availability for full-year/full-time employment is limited by family responsibilities. (JMM)

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THE NONMETRO WORKING POOR—A PROFILE OF FAMILY HEADS

by

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For Presentation at:
The 1987 Annual Meetings of the Rural Sociological Society
Madison, Wisconsin
August 12, 1987

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Nonmetro Working Poor—A Profile of Family Heads

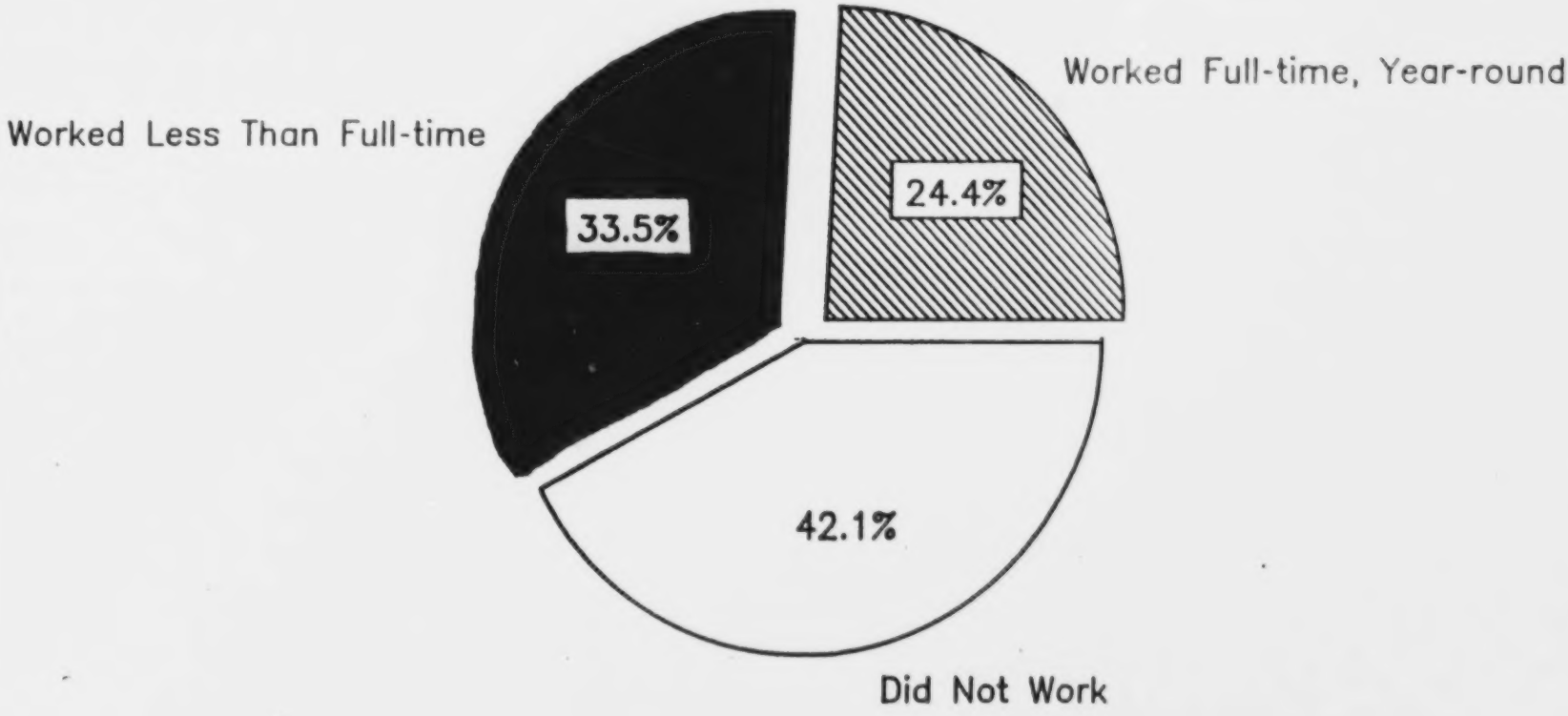
INTRODUCTION

For many of the poor, employment represents the path out of poverty. However, changes in the National economy and industrial structure have made finding full-time employment in a job that pays above-poverty-level wages increasingly difficult for those with few skills or low levels of education.

Despite considerable progress, rural (nometro) areas continue to have higher poverty rates than metro areas (see Appendix-A for definition of nonmetro areas). For example, in 1985, 18.3 percent of persons living in nonmetro areas were poor compared to 12.7 percent for persons living in metro areas. Furthermore, 14.7 percent of families in nonmetro areas were poor in 1985 compared to 10.3 percent in of families in metro areas.

Several studies suggest that high levels of unemployment and underemployment may play important roles in nonmetro poverty (Duncan, 1984; Ross and Morrissey, 1986; Seninger and Smeeding, 1986). For example, the poverty rate for nonmetro families with heads (householders) who worked at any time during 1985 was 10.7 percent. Further, almost 58 percent of heads of nonmetro poor families worked at some point in 1985,

Fig 1. Labor Force Participation of Heads of Nonmetro Poor Families, 1985.



Population Survey March 1986, Bureau of the Census.

with 24.4 percent having worked full-time year-round (figure 1). This study develops a profile of working heads of poor families in order to identify characteristics that might serve as guides for policymakers involved in the alleviation of poverty.

BACKGROUND

In general, research on the causes of poverty has followed two approaches to explain the working poor. The first approach stresses the relationship between levels of human capital and poverty. It concentrates on the characteristics of individual workers that may limit or enhance their productivity in the work place. Those persons whose level of human capital, hence potential productivity, is low will receive low wages and, so, are more likely to be poor. Education, on-the-job training, and work experience are commonly used as indicators of human capital (Schiller, 1976; Gordon, 1972). In addition, age and family structure may also affect productivity (Thompson and McDowell, 1986; Tomaskovic-Devey, 1987). Young persons may find their lack of work experience a liability in the job market, while older workers may be forced to retire due to health problems or displacement by technological change.

Further, family structure may effect economic productivity by dictating the employment patterns of its adult members. For example, the number of weeks the family

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head is available for employment and the number of family members available to contribute to family income may determine a family's economic status. The presence of young children may hinder full-time year-round work for single heads of family, while families that contain more working-age adults may have higher family income than families of the same size that contain more children.

An alternative explanation of the causes of poverty shifts the focus from workers' personal characteristics to the role of structural constraints in the job markets. Based on the notion of dual labor markets, this approach argues that social and economic forces have separated jobs into two groups—good (high-wage, career-oriented) jobs and bad (low-wage, dead-end) jobs (Bluestone, 1973; Gordon, 1972; Thompson and McDowell, 1986). Recent structural studies explain how these 'good' and 'bad' jobs are allocated (Horan and Tolbert, 1984; Tomaskovic-Devey, 1987). They claim that potential workers are essentially queued for available jobs according to their level of human capital, with the most promising jobs going to those at the front of the line. Members of specific subgroups such as minorities, heads of female families, and persons with low levels of education are at the end of that line and so get the least desirable jobs. The number and type of jobs available the local economy are critical to this approach. If the local labor market provides employment largely in occupations with low wages and no advancement (bad jobs), economic opportunities for workers

will be very limited and the risk of poverty greater.

The rural South is often used as an example of an area that is distinctive culturally, socially and economically. Historically, it has had the highest poverty rates and the largest proportion of working poor in the United States (Hansen, 1980; Johnson and Spurlock, 1986; Thompson and McDowell, 1986). During the 1960's and 1970's, the rural South experienced a decline in employment in extractive industries and a sizable increase in manufacturing jobs. However, many of these new jobs were low-wage, unskilled jobs and many of the firms with better paying jobs tended to bypass rural areas containing large minority populations (Bloomquist, 1986; Falk and Lyson, 1986; Johnson and Spurlock, 1986). If the characteristics of the working poor differ between regions, in this case between the rural South and rural Nonsouth, there may be a need for regional antipoverty policies. [1]

The analysis that follows does not test these theories but uses them as a frame of reference for building a profile of the nonmetro working poor in the South and Nonsouth.

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[1] The South includes: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The Nonsouth consists of all other states.

METHODOLOGY AND DATA SOURCES

Data for this paper were drawn from the March Supplement of the 1986 Current Population Survey. Appendix-A contains the definition of nonmetro areas. Income, poverty status and labor force data are for 1985, while the demographic data are for 1986. For the purposes of this study, the universe of the working poor includes those persons who worked at civilian jobs for pay or profit at any time during 1985 and were heads of families with incomes below the poverty level.[2] A family is in poverty when its cash family income is less than the Census calculated amount required for a family of a given size to meet its basic needs.[3] Although the unit of analysis is working heads of families, the analysis, in effect, describes many characteristics of the families of the working family heads. Family income, for example, refers to family income contributed by all family members.

This study should not be misconstrued as a profile of

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[2] Heads of families with negative family income were excluded from this study for statistical and definitional reasons. Although they represented only 4.5 percent of heads of poor families, they were located mostly in the Nonsouth and distorted its' mean family incomes. The largest share of cases reporting negative family income were self-employed, working mostly in farm-related jobs. Their reported incomes, therefore, represent adjustments for taxation and government program payments and may not be good indicators of their families' economic condition.

[3] A family is a group of persons, headed by a householder, residing together and related by birth, marriage, or adoption. Unrelated individuals and unrelated subfamilies are excluded from this analysis.

all working poor in nonmetro areas, because it excludes workers in poor families with no working head and workers living in non-family units.[4]

Results of the descriptive analysis are organized according to demographic, employment and income characteristics. Policy directions emanating from the results are then discussed.

RESULTS

Demographics

Inspection of the demographic characteristics of poor working heads show that they had many of the characteristics associated with low levels of human capital (table 1). Further, regional differences were striking for all characteristics except family type.

Working heads of poor families were older in the South than the Nonsouth. About 3 percent of poor working heads in the South were 65 years or older compared to only 1.7 percent outside the South. Median age of the poor working heads in the South was 37.5 years compared to 34.4 years in the Nonsouth.

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[4] Economic Research Service research is currently underway focussing on more comprehensive treatment of the nonmetro working poor.

Educational attainment, measured by years of schooling completed, was low among the poor working heads especially those residing in the South. Overall, only 57 percent had completed high school. Regionally, while 68.7 percent of poor workers in the Nonsouth had completed high school, only 45.2 percent of poor workers in the South were high school graduates. Median education of poor working heads in the South was 10.7 years, more than a full year lower than in the Nonsouth (11.9 years).

The racial make-up of working poor family heads was quite different from the racial composition of the entire nonmetro labor force (U.S. Bureau of the Census). For example, 7 percent of the nonmetro work force, but 15.7 percent of poor working heads were black in 1985. In the South, 30.5 percent of working poor family heads were black compared to 1.2 percent outside the South.

There was little difference in family types by region but marked differences in family composition. Overall, 67.2 percent of poor family heads were heads of husband/wife families, while 27.9 percent were female heads of family. Although there is a higher incidence of female-headed families in the nonmetro South, a higher percentage of Nonsouth female heads work, so female heads comprise about the same percent of working heads in both areas. Family composition showed sharp regional differences. Poor families in the South with working heads were less likely to contain children than similar families in the Nonsouth.

Table 1. Demographic and Family Characteristics of Poor Working Heads of Nonmetro Families by Region, 1985.1/

Characteristic	U.S.	South	Nonsouth
Total (000)	(1,146)	(568)	(578)
		-- Percent --	
Age			
LT 25 Years	14.0	12.9	14.9
25-54 Years	72.1	72.3	72.0
55-64 Years	11.6	11.9	11.4
65 + Years	2.3	2.9	1.7
Median Age	35.6	37.5	34.4
Education of workers 25 + years	(986)	(494)	(492)
Completed High School	57.0	45.2	68.7
Median Years Education	11.7	10.7	11.9
Race	(1,146)	(568)	(578)
White	81.2	67.1	95.0
Black	15.7	30.5	1.2
Other	3.1	2.4	3.8
Family type			
Husband/Wife	67.2	66.1	68.2
Female-headed	27.9	28.2	27.5
Male-headed	5.0	5.7	4.3
Family 2/ composition			
Children:			
LT 6 years	25.3	22.0	28.7
LT 6 and 6-17 years	20.5	20.1	21.0
6-17 years	30.7	29.7	31.8
No children	23.4	28.3	18.6
Families with 6 + persons	12.1	15.1	9.1
Mean Family Size	3.8	3.9	3.7

1/ Excludes families with income loss.
2/ Children are persons related by marriage, birth or adoption to family head.

Twenty-eight percent of these poor families in the South had no children living in the family versus 18.3 percent of families outside the South. Families in the South tended to be larger than families in the Nonsouth. Fifteen percent of those families had 6 or more members compared to 9.1 percent in the Nonsouth. However, mean family size in the South was 3.9 persons per family versus 3.7 persons in the Nonsouth.

Employment

Employment patterns for working heads of poor families explain much of their poverty. Only 38.3 percent of them worked full-time year-round, while 32.4 percent worked less than 27 weeks (table 2). The mean number of weeks worked, 36.6, was considerably lower than the mean of the nonmetro labor force, 42.3 weeks (U.S. Bureau of the Census). There was some variation by region in the number of weeks worked. About 37 percent of poor working heads in the South worked full-time year-round versus 39.7 percent of Nonsouth heads of poor families. Data reported by the Census Bureau indicates the extent of part-time employment experienced by these workers that was involuntary. Fifty-nine percent of heads of poor families who worked less than 52 weeks in 1985 reported inability to find work as the reason they worked less than full-time (U.S. Bureau of the Census).

Distribution of number of workers per family reveals regional differences. While the South had more 1 worker and fewer 2 and 3 worker families than the Nonsouth, it had more

Table 2. Labor Force Participation and Occupations of Poor Nonmetro Working Heads of Families by Region, 1985.1/

Characteristic	U.S.	South	Nonsouth
Total (000)	(1,146)	(568)	(578)
	-- Percent --		
Weeks worked, 1985			
50-52 weeks	45.4	44.8	45.9
Full-time2/	(38.3)	(36.8)	(39.7)
27-49 weeks	22.2	24.4	20.2
Full-time	(16.1)	(18.2)	(14.2)
Lt 27 weeks	32.4	30.8	33.9
Full-time	(21.1)	(20.2)	(22.0)
Mean number of weeks worked	36.6	37.2	36.0
Number of workers Per Family3/			
1 worker	53.9	56.9	51.0
2 workers	36.4	32.9	39.8
3 workers	6.5	6.4	6.7
4 workers	2.6	2.8	2.5
5 workers	.3	.5	0
6 workers	.3	.5	0
Mean number of workers per family	1.6	1.6	1.6
Occupation			
Managerial and professional	4.0	3.6	4.3
Technical, sales and Admin. support	15.0	16.1	13.8
Service	17.2	15.7	18.7
Farming, forestry and fisheries	23.8	17.6	29.9
Skilled crafts	19.0	19.3	18.8
Operators, laborers and fabricators	21.0	27.7	14.5

1/ Excludes families with income loss.
2/ Refers to anyone who worked more than 35 hours a week for 50 or more weeks per year.
3/ Includes all workers who are part of the family unit.

families with 4 or more workers. This is consistent with the earlier finding that working poor families in the South contained more adults than families outside the South. On average however, both South and Nonsouth families contained 1.6 workers.

Occupationally, working heads of poor families clustered in the types of jobs that typically pay low wages such as laborer (21.0 percent) and extractive (farming, forestry and fisheries) (23.8 percent) jobs or occupations experiencing decreased demand such as skilled crafts jobs (19.0 percent). Conversely, a very small portion of these workers were found in the higher paying managerial jobs (4.0 percent). There were also distinct regional differences in occupation. In the South poor workers were more likely to be employed in the laborer category, 27.7 percent, versus 14.4 percent outside the South. While in the Nonsouth, 30 percent of poor working heads were employed in farming, forestery and fisheries occupations compared to 18 percent in the South.

Sources of Income

The levels and sources of family income between the two regions were quite different (table 3). Although mean family income for all families in the South ($23,725) was lower than the Nonsouth ($26,727) (Ross and Thompson, 1987), mean family income for poor working heads in the South, at $6,557, was slightly higher than in the Nonsouth ($6,401). Further, mean family income for poor families with working heads was higher

in the South for all income sources except those involving self-employment and public assistance. Much of the higher mean family income is likely due to the larger proportion of families having 3 or more workers per family, more elderly family members who may contribute to family income, and larger size families in the South than in the Nonsouth. Since income needs increase with family size, their income may be larger and still qualify as "poor".

Overall, earnings and other income was the most common combination of family income sources. Forty percent of poor families derived their income from this combination. At the regional level, only 32.9 percent of poor families in the South relied on this combination versus 46.1 percent of those in the Nonsouth. The mean family income in the South for this category ($6,822) was slightly higher than outside the South ($6,632). The second most common source of income was wages and salaries only. Thirty-six percent of poor families with working heads in the South derived their income from this source compared to only 12.5 percent of poor families in Nonsouth. Mean income for this category was $6,854 in the South, slightly higher than the mean in the Nonsouth ($6,627). Neither self-employment alone nor self employment in combination with wages and salaries proved to be the major source of family income for many poor families. Only 3.9 percent of families relied on self-employment alone for family income with little regional difference. Also, 5.6 percent derived family income from the combination of wages

and salaries and self-employment with mean family incomes of $5,961 in the South and $6,446 in the Nonsouth. Earnings and Social Security were the source of family income for 1.9 percent of poor working heads. This category was a more important income source in the South, where 3.0 percent of poor families derived their income from it, than outside the South where only .8 percent received their income from this source. Mean family income from earnings and Social Security in the South, $8,634, was considerably higher than the in Nonsouth at $5,358. This is not totally unexpected given the larger share of workers in the over 65 age group in the South.

Over 11 percent of poor families received their income from public assistance and earnings. Regionally, families in the Nonsouth were more likely to have received their income from this source (14.4 percent) than poor families in the South (8.8 percent). Family composition may explain some of the regional variation, given that poor families outside the South were more likely to contain children. Mean family income for this category was lower in the South ($5,491) than outside the South ($6,357). The fact than AFDC benefits are lower in the South likely explains some of the income differential.

Poor families who derived their income from earnings and Supplemental Security Income (SSI) were a very small proportion of families. Only .5 percent received earnings and SSI. The higher mean family income in the South ($8,629)

Table 3. Sources of Family Income of Nonmetro Working Poor Heads of Family, 1985.1/

Characteristic	U.S.	South	Nonsouth
Total (000)	(1,146)	(568)	(578)
Mean family income	$6,478	$6,557	$6,401
		-- Percent --	
Earnings:			
Wages and salary Only	24.3	36.4	12.5
Mean family income	$6,795	$6,854	$6,627
Self-employment Only	3.9	3.8	4.0
Mean family income	$4,066	$3,343	$4,740
Wages, salary and self-employment	5.6	5.9	5.3
Mean family income	$6,193	$5,961	$6,446
Earnings and social security	1.9	3.0	.8
Mean family income	$7,962	$8,634	$5,358
Earnings and public assistance2/	11.6	8.8	14.4
Mean family income	$6,034	$5,491	$6,357
Earnings and S.S.I.3/	.5	.7	.3
Mean family income	$7,391	$8,629	$4,455
Earnings and other income4/	39.6	32.9	46.1
Mean family income	$6,710	$6,822	$6,632
Other Combinations	12.6	8.5	16.6
Mean family income	$6,154	$6,280	$6,090

1/ Excludes families with income loss.
2/ Includes public assistance payments such as Aid to Families with Dependent Children, and General Assistance.
3/ Refers to Supplemental Security Income, a Federal program for the poor elderly, and persons who are blind or disabled.
4/ Includes income from property, unemployment compensation, Workmens Compensation, Veteran's payments, pensions, annuities and alimony and child support.

versus $4,455 outside the South is largely the result of the larger proportion of poor working heads (or elderly family members) who were 65 or older.

Finally, 12.6 percent of poor workers received family income from other combinations of income sources. More poor working heads outside the South (16.6 percent) relied on these other combinations for family income than poor families in tne South (8.5 percent). Mean family income was higher for this category in the South ($6,280) than in the Nonsouth ($6,090).

SUMMARY AND POLICY IMPLICATIONS

In summary, the working heads of poor families exhibited many of the demographic characteristics associated with low levels of human capital. This was particularly true in the South where poor workers were older and educational levels were low. However, the racial composition of the working poor and their employment patterns lend some support to the structural explanations of the working poor. The overrepresentation of blacks among the working poor may be partially the consequence of discrimination. Also, many of the heads of poor families who had full-time year-round employment or several workers in their families were probably in low wage jobs. Many of those family heads who worked less than year-round full-time were most likely involuntary

part-time workers. This is consistent with the occupational findings that showed fairly large proportions of these workers were employed in low wage occupations such as laborer or farming, forestery or fisheries jobs. This also supports the notion that for many of the working poor full-time, living wage jobs just were not available.

The results suggest that policy directions might involve developing a set of programs that integrate job development, human capital development and equal opportunity. The working poor who live in labor markets with limited economic opportunities would benefit from fiscal and monetary policies that raise wages and employment levels in their particular labor markets. Manpower and employment programs aimed at assisting poor workers whose education and skill levels are low can make important contributions to the reduction of poverty. This may be particularly helpful in areas like the South where educational levels were especially low. However, these programs will not help if jobs are not available that provide above-poverty wages.

Finally, income support, accompanied by increased availability of affordable child care, may be necessary for poor single heads of family, whose availability for full-year, full-time employment is limited due to family responsibilities.

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APPENDIX-A

The population residing in metropolitan statistical areas (MSA's) constitutes the metropolitan population, the remainder of the population is the nonmetro population. MSA's are defined by the Office of Management and Budget. An MSA is a geographic area consisting of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The definitions specify a boundary around each large city so as to include most or all its suburbs. Entire counties form the MSA building blocks, except in New England where cities and towns are used. The former term SMSA was changed to MSA in 1983.

An area qualifies for recognition as an MSA if (1) it includes a city of at least 50,000 population or (2) it includes a Census Bureau-defined urbanized area of at least 50,000 with a total metropolitan population of at least 100,000 (75,000 in New England). In addition to the county containing the main city or urbanized area, an MSA may include other counties having strong commuting ties to the central county. If specified conditions are met, certain large MSA's are designated as consolidated MSA's (CMSA's) and divided into component primary MSA's (PSMA's).